



## ANNUAL USE OF CAPITAL SURVEY - 2009

## NAME OF INSTITUTION

(Include Holding Company Where Applicable)

First Bancorp, First Bank - Subsidiary

Person to be contacted regarding this report:	Jerry L. Ocheltree
CPP Funds Received:	\$65,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/9/2009
Date Repaid <sup>1</sup> :	

RSSD: (For Bank Holding Companies)	1076431
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	15019
City:	Troy
State:	North Carolina

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

*American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.*

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	The biggest impact that our receipt of capital in this area was that it allowed us to renew maturing loans on a business-as-usual basis. Without this capital, we may have been forced to demand payment from more of our borrowers that had maturing loans (with balloon payments due).
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input checked="" type="checkbox"/>	Reduce borrowings	A portion of the initial receipt of CPP funds was used to pay off a holding company line of credit. However, the line of credit remained available and all of the funds CPP funds received increased our capital base even though some of the cash itself was used to pay down the line of credit.
<input type="checkbox"/>	Increase charge-offs	
<input checked="" type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	The additional capital provided our bank with a level of capital that enabled us to acquire a failed bank institution from the FDIC in June 2009.
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

We entered the recession with capital levels that were sufficient but at levels that did not allow for significant future growth or the cushion necessary to feel comfortable in a serious recession. In prior years, we had routinely accessed the capital markets in an efficient manner. However, in 2008 the capital markets effectively froze due to the recession and liquidity crisis, and we were unable to access any other alternatives. Without the Capital Purchase Plan, at a minimum, we would have felt the need to reduce our loans outstanding using methods inconsistent with our historical operations, including possibly by refusing to renew many maturing loans with balloon payments due at maturity. With the additional capital provided by the CPP, we were able to operate as usual and work with our borrowers to achieve satisfactory repayment plans.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP capital infusion provided us with the capital levels that made it possible to acquire a failed bank in June 2009. We retained most of the employees of the failed bank and continued to serve virtually all of the failed bank's market areas, including some that were possibly under-served due to their rural nature.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

The CPP funds allowed us to bank our customers as we had in the past during a very difficult economic environment. We believe the Capital Purchase Plan helped stabilize the banking system and accelerate the recovery that we are now beginning to see.